

THE KERNEL

A Publication of the Kentucky Public Retirees

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August 2015



President's Perspective by Paul Guffey

This organization's activity seems to ebb and flow during the calendar year. I even heard members say "We're not doing anything." when bad news is being aired by the media about the instability of Kentucky Retirement Systems (KRS) and especially KERS which is the largest of the funds. Legitimate concerns are voiced when the teachers retirement fund gets so much public and legislative attention while being funded nearly three times better than KERS. So, what is KPR doing?

We had the most successful Annual Conference ever, or certainly in recent memory, the attendance was a record high, the program content was amazingly rich, and the financial benefit to the organization was beyond expectations! Conference Chairs Sarah Hurst and Shirley Clark chose excellent accommodations in Lexington, lined up candidates and panelists representing decision makers in state government, obtained support from several chapters, and kept a keen eye on financial arrangements. Senators, representatives and candidates for governor presented their positions and KPR members engaged them with questions. More detailed information is contained in reports in this newsletter.



Prior to the Annual Conference, a Lobbying Committee with consultation and direction from the KPR Legislative Chair and Legislative Agent began developing an action plan for the period until the end of the 2016 Session of the General Assembly which concludes in April. Jerry Connell, Vice-President and Committee Chair, had been communicating with chapter presidents and legislative chairs for input for initial steps of the plan. The Board will adopt a formal lobbying plan during the September meeting. A major part of the plan involves a rally at the Capitol on January 27, 2016, that will be coordinated by Larry Totten. To be successful this will require active support of all chapters. The Committee is also urging all chapters to have local senators and representatives for monthly programs. Several chapters are doing well while others, sadly, are doing much less. The Committee will provide ongoing communication with chapter presidents and legislative chairs, plus the Board should be mailing an information sheet and guide to all members in December. Please ask your chapter presidents and legislative chairs for updates!

I have appointed John Harris to chair a committee that will guide KPR's legal options as conditions and circumstances develop affecting our pensions. This is especially important if this organization needs to initiate legal action to preserve pension benefits. KPR will continue to monitor this situation. Larry Totten serves as KPR's liaison with the KRS Board and in that role he also attends meetings of the Public Pension Oversight Board (PPOB). His timely reports are available on Kentucky Public Retirees Facebook page. He, along with manager Floyd Parrish and myself, place postings on the page and on the organization's website at www.kentuckypublicretirees.org. These sites provide a trove of information related to pensions. Every chapter president is encouraged to help members gain access to this information.

This represents only highlights of KPR's activities, and the need for more action will increase significantly as we get closer to the opening of the 2016 Session of the General Assembly. Many volunteers will be needed by chapters and the state board to lobby members of the legislature. Can we count on you to help **MAKE THINGS HAPPEN?**

Annual Conference Report



The KPR Board sponsored Annual Conference held at the Clarion Hotel in Lexington was very successful this year. We had 141 people attending and 120 for the banquet, which was a record attendance. It seemed to be enjoyed by all who attended.

Our speakers included Mayor Jim Gray of Lexington and Lt. Governor Crit Luallen. There was a very lively question and answer session with

Representatives Greg Stumbo and James Kay and Senators Damon Thayer and Chris McDaniel after each of them gave their speech. We also had a very interesting and informative talk on how the state budget affects our retirement from Jason Bailey of the Kentucky Center for Economic Policy. Stephen Vest of *Kentucky Monthly Magazine* presented a very funny monologue. Our entertainer at the banquet Thursday night, Laura Freire, a comedian from Frankfort, was hilarious. The Waterfield Awards were presented by Rose Gayle Waterfield Hardy, with the Achievement Award given to Ralph Wolfe from the Northern Kentucky Chapter and the Humanitarian Award given to Donna Slaton from the Pennyryle Chapter. Both members were very deserving!



Sen. Damon Thayer, John Harris, Sen. Chris McDaniel, Rep. Greg Stumbo, Rep. James Kay



Lt. Gov. Crit Luallen

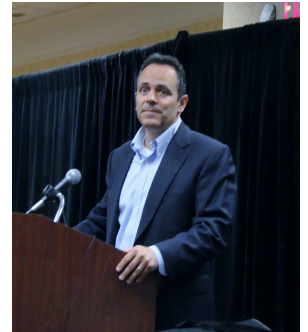


Sannie Overly

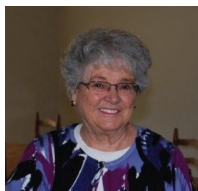
The Democratic candidate for lieutenant governor, Representative Sannie Overly, and the Republican candidate for governor, Matt Bevin, were speakers at our meeting. Both of the candidates stayed for questions and answers after giving their talk.

The "Silent Auction" was not only lots of fun, but was a huge success in helping pay for the conference. So many of our chapter members donated items for the "Silent Auction," and it was one of the biggest hits of the meeting. Many members also donated food, drinks, etc. for the hospitality room; raffle items; the banquet flower arrangement; and program for the meeting. Again, Sarah and I want to thank all of our chapter members who helped make this conference such a big success. No money from the KPR budget was used to fund the conference, and in fact, a profit was made.

Next year's meeting will again be KPR Board sponsored and will be held in Bowling Green, Kentucky next June. Betty Pendergrass and Martha Parrish will be co-chairs. Let's help them with the same enthusiasm Sarah and I received this year from the chapters.



Matt Bevin



Legislative Article by Shirley Clark

A discussion at the 2015 Annual Conference focused on ways to inform our members of certain points and questions for their use when speaking or writing to their legislators or the gubernatorial candidates for election in November.

The number one priority retirees will be concerned about in the 2016 Session of the General Assembly (the budget session) will again be the funding to our retirement system. Funding must be placed in the budget to continue the 100% funding of the Actuarial Recommended Contribution (ARC) promised by the legislators in the last budget session. Although we have been told over and over this funding will be done, we must diligently watch and make sure it is placed in the Governor's recommended biennial budget, and that it remains in the budget passed by the General Assembly. It is critical that 100% funding be passed because even with it, our system will still remain underfunded for many years to come. Also a provision for a dedicated source of funding that we could support would be most beneficial.

One of the major items discussed at our Annual Conference was the idea of all our chapters inviting the various legislators who represent the counties covered by the respective chapters to speak at their monthly meetings from now through December. A list of speaking points and questions to be used when you are talking to your legislators has been provided to each chapter. They are also listed on the KPR web page and below. Specific points to make during discussion are underlined. To the extent possible, put the points in your own wording. We would suggest that our chapters also run ads in the local county newspaper when a legislator from that county is to speak at one of your monthly meetings.

Legislative Talking Points

ARC and Dedicated Funding Source. The Kentucky Retirement System is one of the worst funded in the nation. KRS is facing more than \$17 billion in unfunded liabilities because of years of underfunding since the 1990s and investment losses during the last recession. Ask your legislators if they believe funding toward the ARC is now needed and if they favor the full funding of the ARC to our retirement system. Ask if they would support an additional dedicated funding for KRS and, if so, what source of funding they would support. Would they support bonds, sources from other means, or other ideas they might have?

Economic Impact Locally. Nearly 96% of all public retirees still live in Kentucky, most in the same area they worked. Their benefits have a significant impact on the economy of every county in Kentucky. A copy of the number of public retirees and the income impact on each county is available from KPR chapter presidents and is posted on our web site and Facebook page. Ask your legislators if they will assure retirees their benefits will not be reduced.

Taxing Retiree Benefits. We have continually read and heard much talk of taxing retiree benefits. Ask your legislators if they would vote against a bill that would require taxing pension benefits, especially on current retirees. Remind them that current retirees have not received a COLA for several years and probably will not for some time.

Other proposals may come up during the next months, and if so, we will keep our members informed of them. Later this year, the Lobbying Committee will encourage each chapter to have a letter-writing campaign. These letters will be sent to all members of the General Assembly asking them to fully fund the required contribution needed to sustain the retirement system. I hope each member will participate. You will then become our best lobbyist.

We will continually keep you updated as other proposals arise by the Alert System, our KPR web site and the KPR Facebook page.



Membership Article by Betty Hawkins

We are pleased to announce the winners of the 2015 Membership Contest which began January 1, 2015, and ended May 31, 2015. First place prize of \$50 was awarded to Martha Parrish, President of the Barren River Chapter; Martha recruited 10 new members. Second place prize of \$35 was awarded to Jack Bunnell of the Lincoln Trail Chapter; Jack recruited 8 new members.

Third place prize of \$15 was awarded to Nikki Henderson, President of the Jefferson Regional Chapter; Nikki recruited 6 new members. The \$25 award to the chapter which had the largest percentage increase during the contest period went to Barren River Chapter; the chapter's increase was 20.95%. The random drawing prize of \$25 went to Carter Parker of Warren County; he recruited his wife Martha as a spousal member.

Effective immediately, the Membership Contest will be a year-round event which will begin on June 1 of each year and end on May 31 of the following year. This will give everyone an opportunity to recruit members for the contest on a year-round basis. Membership will continue to be free for the balance of the year in which a new member joins. All new members recruited during the entire year will count in the contest.

KPR continues to recruit spouses of our members. Membership for spouses is free during the year they join; thereafter, the membership is \$15. To date, 118 spouses have joined. Our goals are just as important to the spouse as the retired member since the spouse is usually the beneficiary of the member's retirement benefit. Increasing membership is the responsibility of every member. Recruiting your spouse is the easiest way to obtain a new member.

KPR again will have the opportunity to recruit new members at the Deferred Comp Expos. These events will begin at 10 AM and end at 3 PM (local time). Expos are being held at the following locations: August 11 - Northern Kentucky Convention Center, Covington; September 15 - Frankfort Convention Center, Frankfort; September 16 - Muhammad Ali Center, Louisville; and October 28 - James E. Bruce Convention Center, Hopkinsville. Any member wanting to assist with this recruitment effort should contact the following local chapters: Northern Kentucky (Ralph Wolff); Bluegrass West (Betty Hawkins); Jefferson Regional (Bev Zehnder); North Central (Joyce French); and Pennyriple (Shirley Fallin).



Martha Parrish, Paul Guffey



Nikki Henderson, Paul Guffey

Please remember how important our membership numbers are to the continued growth and success of our organization. The upcoming legislative session will provide many challenges as KPR lobbies for the continued funding of the ARC. Do your part - recruit new members!

Retirement System Update by Larry Totten

Various meetings over the last few months have included the release of one major study, the start of three others, and a decision on retiree health insurance. The much anticipated Asset/Liability Study by KRS' general consultant RV Kuhn outlined the condition of the five pension plans administered by KRS. The results for CERS N/H, CERS Haz, and KERS Haz all showed notable projected improvements in market value funding over a 20-year period. When the discussion moved to the SPRS and KERS N/H plans, the numbers went bad very quickly. Essentially with both of these plans, **the numbers show that there is not a reasonable expectation that investments alone will resolve the current funding situation**, and this is with the assumption that full ARC funding continues, and the 7.5% rate of return is met. Both plans show a slight improvement in market-value funding over the 20-year window of this study. With KERS, however, the funding value drops to a low of 15%, and there is a **5-8% chance of fully depleting the assets over the next 20 years**.

Begun, but not yet completed, are two studies to answer questions being asked of KRS by various groups, such as the Public Pension Oversight Board. The first is a study to compare the costs of KRS administrative and investment activities and compare these costs with comparable pension systems around the country. The second study will be an actuarial audit being done to evaluate the information used by KRS' actuarial firm (Cavanaugh MacDonald) for such important factors as the expected rate of return KRS should target for investments. These have a direct bearing on the computation of the ARC that KRS requests from the Commonwealth each year. Finally, the Executive Director Search Committee chose the search firm EFL Associates to assist in finding a new ED for the System.

Humana was chosen as the KRS Medicare Advantage provider for at least three years beginning in 2016. This decision was followed closely by news that Humana was being purchased by Aetna. The consultant assisting with the selection of Humana did not believe this purchase would affect our policy covering KRS over-65 retirees. KRS staff has said that it appears the 2016 enrollment process can be a "passive" one, meaning that most retirees will not have to do anything to continue their coverage. There will be a full calendar of meetings beginning at the end of August, so watch the KPR Facebook page for updates.

--- Chapter News ---

Barren River In May, our guest speaker was Sherri Clarke, owner-agent of Picture This Travel Company in Bowling Green. She shared tour information and discussed river cruises in Europe, on the Mississippi, and the Snake River. She discussed a checklist of things to do prior to taking a trip. Also, we prepared the "Goody Bags" for the Annual Conference in Lexington.

Our chapter did not have a meeting in June because of the Annual Conference. In July, our guest speaker was Charlotte Whitaker from AARP. Charlotte did an excellent job speaking about frauds and scams. Ms. Whitaker has worked 27 years as a Representative Senior Worker with AARP. She suggested we try to get a speaker from the State Police in Bowling Green who would be familiar with local scams. In July, President Martha Parrish reported about the Annual Conference and discussed our plan to co-sponsor the next Annual Conference. At the Annual Conference, our chapter received three checks from the membership drive: one for having the most new members, one for the greatest percentage member increase, and a BR member won the random drawing for members who had obtained at least one new member.



BR Members Preparing "Goody Bags"

Bluegrass East Five BE volunteers attended and helped at the registration table at the Annual Conference. The speaker in July was Quincy Burt from The Galilean Home Ministries.

Bluegrass West Our chapter did not meet in May since our meeting place is used as a voting precinct. In June, we elected the following chapter officers: Kay Hines, President; Larry Totten, Vice President; and Pat Bryan, Treasurer. In July, we presented the Bluegrass West Waterfield Awards. Bob Henson received the Achievement Award and Lexie Southworth received the Humanitarian Award. Dr. Marty Denny, cardiovascular disease specialist at the Frankfort Regional Medical Center, spoke regarding cardiovascular disease. The oath of office was administered to our newly elected officers. Rep. James Tipton will be at our August meeting.



Kay Hines, Larry Totten, Pat Bryan

Covered Bridge Although there was no meeting in July, in August our guest speaker will be Steve West, a new senator from the 27th District. Other speakers scheduled this year are: September – candidate for lieutenant governor, Sannie Overly; October – Rep. Donna Mayfield from the 72nd District; and November – Rep. Mike Denham, from the 70th District. Covered Bridge was well represented at the recent Annual Conference with 18 members in attendance. All enjoyed the program, the participation involving the door prizes, and the silent auction. The panel of legislators was very informative and interesting. We thank Shirley Clark and Sarah Hurst for their leadership in carrying out a well-planned event. Covered Bridge is looking forward to the 2016 Annual Conference in Bowling Green.



Rep. Jim Stewart III

Cumberland Valley In June, we had our annual election of officers. John Harris was reelected to serve a second term as president, Gerald Walker was elected as our new vice president, Dinah Presnell is our new chapter secretary, and Carl Lawson was reelected to serve a second term as treasurer. In addition, we appointed Sarah Richardson as our new membership chair, and David Cornett has agreed to stay on as legislative chair for another year.

In July, Rep. Jim Stewart III, a Republican representing Knox and Laurel Counties, was our guest speaker. Despite the heavy rain, we had 23 people attend. State Vice President Jerry Connell updated our group on what took place at the KPR Annual Conference in Lexington. Also, Larry Totten, KPR's Liaison with the KRS Board and the Legislative Oversight Committee, updated us on the activities of these groups.

Rep. Stewart, who is a member of the House Appropriations and Revenue Committee, wants our KPR members to know that he will work to get the legislature to honor its commitment to retirees, voted against Senate Bill 2, will support full funding of the ARC, and will support giving public retirees a COLA.



Don Zeller's Wedding Picture

Jefferson Regional In June, Vice President Elect Don Zeller chaired the meeting. He noted that Chapter President Nikki Henderson, who was out of town, recognized the importance of the list of members who had not paid their dues. Don led a discussion about the importance of staying vigilant in trying to increase the statewide membership of KPR to show the legislators that we are a viable, reliable organization.

Mary Helen Peter reported on a KRS Pension Oversight Committee meeting about the low interest rate being received on KRS investments for the pension system. She noted that there would be a Health Care Committee Meeting regarding the contract for next year's health coverage.

In July, President Henderson reported that the Annual Conference had a good turnout of legislators on the program, and they addressed questions regarding the pension system. She urged chapter members to invite their legislators to be guest speakers at our meetings.

Also, in July, congratulations to Chapter Vice President Don Zeller who was married.



Judy Ingram, Judy Nielson, Don Zeller, Nikki Henderson



Mark Wireman, Lenora Bush, Deborah Palmer, Patsy Williams, Tony Watts

Kentucky River President Tony Watts swore in the new officers of the Kentucky River Chapter on June 19, 2015. Left to right: Mark Wireman, President; Lenora Bush, Vice President; Deborah Palmer, Secretary; Patsy Williams, Treasurer; and Tony Watts.

Lake Cumberland In June, Euretha McQueary, Executive Director of Hospice of Lake Cumberland, presented the many services of hospice. Hospice of Lake Cumberland offers compassionate care to patients and families struggling to cope with a life-threatening illness. Hospice understands the emotions

surrounding a life-threatening illness and can help put them in perspective. Hospice is a philosophy of care which seeks to enable patients to continue an alert, pain-free life; assists in managing symptoms to ensure comfort and dignity; affirms life; does not hasten or postpone death; treats the person rather than the disease; promotes self-determination, as patients and their family make their own decisions; and provides a holistic approach, encompassing compassionate physical care with emotional and spiritual support



Euretha McQueary, John Engle

Lincoln Trail In May, an update was given concerning two scholarships our chapter gave out. Recipients are now graduating from the University of Kentucky and the University of Louisville with engineering degrees. In June, Sen. Dennis Parrett gave an update of the last legislative session. In July, we had no speaker since we presented our annual \$500 scholarship to Amelia Long, grand-daughter of Leo Lewis. Mary Dick, Treasurer of the Lincoln Trail Chapter, presented the scholarship check.



Mary Dick, Amelia Long

North Central In May, our speakers were Mary Helen Peter, who is a KERS-elected representative to the KRS Board of Trustees and a long-time active member of Kentucky Public Retirees, and David Peden, Chief Investment Officer of KRS. Ms. Peter addressed the current state of funding of Kentucky Retirement Systems and answered questions. Mr. Peden spoke about KRS investments.



Rep. Phil Moffett

In June, our speaker was Steve Wiser, noted Louisville architect and author, who spoke on "Notable Women of Louisville." His talk featured a PowerPoint presentation on the achievements of local women, past and present. In July, Rep. Phil Moffett spoke on retirement-related issues facing the 2016 Kentucky General Assembly and his take on the reasons for the KRS funding shortage.

Purchase At the June meeting, Sen. Danny Carroll was our guest speaker. Sen. Carroll was recruited and became a KPR member. He presided over the swearing in of our new chapter officers. In July, we tried to have Rep. Will Corsey from House District 6, but were not able to contact him. In August, our speaker will be Rep. Steven Rudy. We will invite a legislator to every meeting until the January Legislative Session.

More Pictures from the Annual Meeting



Many more pictures of the meeting can be seen on the Album Page of the KPR website:

kentuckypublicretirees.org

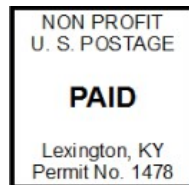
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Chapter Meeting Locations

<u>Barren River Chapter</u> 10 AM (CT), 3rd Monday EVERY MONTH BRADD Center 177 N. Graham Avenue (off Plum Springs Rd—N side of B. Green) Bowling Green, KY Contact Martha Parrish (270) 535-4985 for information	<u>Fivco Chapter</u> 11:30 AM (ET), 3rd Monday Giovanni's on Greenup Avenue Ashland, KY Contact Morris Wells (606) 465-5784 for information	<u>Lincoln Trail Chapter</u> 11:30 AM (ET), 2nd Monday Golden Corral 1835 N. Dixie Highway Elizabethtown, KY Contact Judith Lesher (270) 872-3497 for information
<u>Bluegrass East Chapter</u> 12:00 PM (ET), 2nd Wednesday Golden Corral 185 E. New Circle Road Lexington, KY Contact Eva Jane Jacobs (859) 858-3456 for information	<u>Green River Chapter</u> 12:00 PM (CT), 2nd Wednesday (lunch at 11:30 am CT) Ryan's Steakhouse 4500 Frederica St. Owensboro, KY Contact Bill Horton (270) 684-8059 for information	<u>North Central Chapter</u> 11:30 AM (ET), 2nd Wednesday Jumbo Buffet—back room (Stoneybrook Shopping Center) 2731 S. Hurstbourne Parkway Louisville, KY Contact Charles Klunder (502) 454-3493 for information
<u>Bluegrass West Chapter</u> 11:30 AM (ET), 3rd Tuesday VFW Franklin County Post 4075 104 E. Second St. Frankfort, KY Contact Kay Hines (502) 227-9998 for information	<u>Jefferson Regional</u> 11:30 AM (ET), 1st Wednesday Ryan's Family Steakhouse (Piccadilly Square) 5338 Bardstown Road Louisville, KY Contact Nikki Henderson (502) 439-5407 for information	<u>Northern Kentucky Chapter</u> 11:45 AM (ET), 2nd Monday Golden Corral Orphanage Rd. at KY Rt. 17 Fort Wright, KY (I - 275, Exit 80) Contact Linn Schmidt (859) 746-8289 for information
<u>Covered Bridge</u> 11:00 AM (ET), 2nd Thursday Double 'S' Bowling 150 Foster St. Flemingsburg, KY Contact June Pugh (606) 849-2651 for information	<u>Kentucky River Chapter</u> 3 rd Friday of each month *Meeting locations vary, please Contact Mark Wireman (606) 666-5978 for information	<u>Pennyrile Chapter</u> 11:30 AM (CT), 4th Thursday Country Cupboard Restaurant 518 McCoy Avenue Madisonville, KY Contact L. Peyton Adams (270) 871-9295 for information
<u>Cumberland Valley</u> 11:30 AM (ET), 2nd Tuesday Please Note: *Meeting locations vary, please Contact John Harris at (606) 877-0079 for information	<u>Lake Cumberland Chapter</u> 11:30 AM (ET), 3rd Monday Golden Corral Restaurant South 27 across from Lowes Somerset, KY Contact John Engle (606) 305-2104 for information	<u>Purchase Chapter</u> 10:30 AM (CT), 1st Thursday Pizza Inn Joe Clifton Drive Paducah, KY Contact Tom Moore (270) 898-7289 for information



Kentucky Public Retirees
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Frankfort, KY 40604
(502) 437-9408
[**kprmanager@gmail.com**](mailto:kprmanager@gmail.com)



Remember to visit the KPR website and our Facebook page for important updates
[**www.kentuckypublicretirees.org**](http://www.kentuckypublicretirees.org)



Kentucky Public Retirees Application Form

*Applicants MUST qualify by being a member of one or more of the following systems or the spouse of a current KPR member.
(please circle all that apply):

KERS CERS SPRS Spouse

- ☐ Membership dues FREE 1st year* (membership runs Jan-Dec. Free dues end 12/31 of the year).
☐ New members - I want to pay for my 2nd year now. Dues are \$15 per year.
☐ Existing members - annual renewal dues of \$15 is enclosed.
☐ I agree to receive dues notices by email. ☐ I agree to receive the Kernel newsletter by email.
To receive dues notices or the Kernel by email, you must provide an email address below.

Remember you can now pay online.

Mail to: **Kentucky Public Retirees**
P. O. Box 4082
Frankfort, KY 40604

Date _____

Name _____ Chapter (if known) _____

Address _____

City _____ State _____ Zip _____

County _____ Telephone (_____) _____

Email Address _____ Referred by _____

(All information will be kept confidential.)